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To: Adam Ciulini
Waste Management Policy Branch
135 St. Clair Ave. W.
Toronto, Ontario M4V 1P5
Phone: (416) 314-4633
Fax: (416) 325-4437

Cc: Minister Chris Stockwell
Gordon Miller, Environmental Commissioner
Glenda Gies, Waste Diversion Ontario

From: Recycling Council of Ontario

EBR Registry Number: RA03E0011

Proposal Title: *Waste Diversion Program for Blue Box Waste / Designating Regulation for Stewardship Ontario*

The Recycling Council of Ontario is a multi-stakeholder, not-for-profit organization committed to minimizing society's impact on the environment by eliminating waste.

RCO's mission is to inform and educate all members of society about the generation of waste, the avoidance of waste, the more efficient use of resources, and the benefits and/or consequences of these activities.

RCO commends Stewardship Ontario for all their hard work in preparing the detailed Blue Box Program Plan (BBPP) in such a short time period.

We relied on our mission statement, the MOE's Statement of Environmental Values, the Waste Diversion Act, The Minister's Program Request letter, and the Operating Agreement between WDO and the MOE, in preparing our comments.

Our Comments on the Blue Box Program Plan (BBPP) are divided into the following categories:

- **Description of Blue Box Wastes**
- **Reduction and Reuse**
- **Funding Municipalities**
- **Industry Pay-in model**
- **Setting Targets**
- **Transparent Reporting**



Description of Blue Box Wastes

The BBPP defines Blue Box waste as packaging and printed materials. This definition excludes some Blue Box wastes like consumer products made from designated materials - even though Regulation 273 (the designating regulation) keeps the definition of Blue Box wastes quite broad.

In addition, the Minister's letter states (point 4 :

The program shall support, at a minimum, all categories of wastes set out in Schedule 1 of O. Reg 101/94 under the Environmental Protection Act.

While it may be premature to include other items in the plan since municipalities are not collecting them yet, RCO would like to see an acknowledgement that the Blue Box Program Plan may be amended to incorporate other items currently not defined as packaging and printed materials. This will provide municipalities with a funding guarantee should they choose to accept new products/material in their blue box, when new markets emerge. Examples could include: scrap metal, old toys, small appliances, CD cases, hard cover books, ceramics and textiles.

In addition, Blue Box wastes are also generated in public spaces, where municipalities may collect and recycle them.

The Minister's letter states (point 3 :

The program shall include support for all materials designated as Blue box Waste under the Act and which are managed by or on behalf of Ontario municipalities.

Consistent with the Minister's letter, we believe that Blue Box materials recycled in public spaces should be considered as Blue Box waste, accounted for in the reporting process and be subject to funding. Promotion and education material should also focus on public space waste diversion.

Reduction and Reuse

We understand that the Blue Box Program Plan is primarily targeted at financing the Blue Box program; however, considerable diversion can be achieved through reduction and reuse by both brand owners and householders.

Schedule C of the Operating Agreement between the WDO and the MOE states:

“A waste diversion program should support actions that reduce the amount of waste generated by a waste generator.” and

“A waste diversion program should support actions that involve the repeated use of a product or packaging without a material change to the form of the product or packaging between uses.”

In addition, section 25 (1) 1 of the Act states:

A waste diversion program developed under this Act for a designated waste may include activities to reduce, reuse and recycle the designated waste.

RCO is disappointed that there are no direct initiatives that promote reduction or reuse both at the point of generation from the steward or the consumer. Reduction and reuse can provide significant gains in achieving the goals set out in the plan.

It may be assumed that incentives for steward reduction initiatives are inherent in this program because reducing packaging will mean lower fees for stewards. Unfortunately, this is not always the case. The current funding formula disadvantages heavier recyclable packaging material (steel, boxboard and glass) and provides an economic incentive to switch to lighter materials, such as plastic and laminate packaging, most of which are not being recycled today – (laminate recycling rate is 1% and plastics recycling rate is 11.6%). RCO does not consider a packaging shift to lighter non-recyclable material as reduction. (See section on Industry Pay-in Model for more about the funding formula)

In addition, Stewardship Ontario has not identified how they will make stewards aware of the economic and environmental benefits of reducing their waste. This could take the form of industry workshops, newsletters, award recognition etc. with packaging designers to demonstrate different kinds of reduction/reuse and material optimization efforts. RCO would like the BBPP to include a list of activities developed by Stewardship Ontario, which will influence reduction in the amount of waste generated by stewards. (This request is consistent with section 25.1. of the Act: “Activities to include reduce, reuse and recycling of designated waste.”)

The BBPP seems to limit (page 45 of BBPP) the scope of promotion and education to:

- 1) Describing the performance of the system;
- 2) Encouraging effective source separation of Blue Box waste and full use of the Blue box waste management system".

It is imperative that Ontario householders receive promotion and education material that promotes reduction and reuse as well as recycling. It is essential that promoting the first 2Rs be part of all recycling messaging funded through this program. Efforts to promote the 3Rs equally can result in new diversion.

For example, through a pilot program called "Waste Less" which promoted reduction and reuse to homeowners in the Halton Region, new diversion was achieved. The final report states, "by the end of the pilot project, 70% of residents were more aware and actively participating in reuse activities. Over 40% of residents also attempted to change their shopping habits." Generation of film plastic decreased by 1% and paper by 2%; the capture rate through the blue box program also increased by 13%.

Indeed it may take more time and analysis to account for reduction and reuse; it however, will provide a much more accurate picture of the 3Rs, disposal and overall generation in Ontario.

Funding Municipalities

One of the guiding principles of the Operating Agreement between the MOE and the WDO is that:

Procedures and systems used to provide financial and other support under a Waste Diversion Program should provide for reliable, continuous operation.

RCO is very concerned that Stewardship Ontario will be unable to meet its financial obligation to municipalities, especially in year one of the program. While industry fees were originally based on a realistic 60% compliance rate, in the final version of the BBPP, Stewardship Ontario lowered fees based on a 95% compliance rate. We consider this rate of compliance to be overly optimistic and unrealistic, compared to similar mature programs that exist in other countries¹.

Our concern is that Stewardship Ontario will not raise the required funds to pay for 50% of the Blue Box costs (as per the requirement of the Act). The existing BBPP included a contingency plan if such a shortfall were to occur. The plan is to use non-municipal dedicated LCBO money (about \$2.5 million) to cover a short fall, after which, municipalities can charge interest. RCO does not feel that this provides municipalities with a sufficient funding guarantee.

¹ While some European stewardship schemes are considered to be "mature", none have achieved compliance rates close to 95%. In the UK for example, where enforcement is very high, the compliance rate is about 80%-85%. In Germany, a program that is over ten years old, the compliance rate is about 75%-80%.

Industry Pay-in Model

Prior to the passing of the Waste Diversion Act, RCO shared its concern over the fee-for-service parameters required for an industry-funding model. Our comments were made to the Standing Committee on General Government Province of Ontario. (Available at www.rco.on.ca.)

The Ministry never addressed our concern. In short, our concern is that industry levies will be charged for diversion only, and not on material sent to landfill. In general, this means that brand owners who choose highly recyclable packaging pay more than those who choose non-recyclable packaging - material that is not being diverted.

If very little material is diverted, then only a small fee-for-service is legally justified. This provision creates an economic disincentive for brand owners to choose recyclable packaging over non-recyclable packaging.

This creates a conundrum for Stewardship Ontario, which to their credit recognized the inherent discrimination towards recyclable material and worked on a formula to mitigate this discrimination.

While RCO appreciates that Stewardship Ontario built into the model other elements like the "equalization factor" and "relative recovery rate" as well as costs, the formula still (but to a lesser degree) benefits non-recyclable material.

For example, one 750ml recyclable flint glass juice bottle will pick up a levy of 1.25-cents versus three-250ml non-recyclable (in most municipalities) drink boxes that will pick up a levy of 0.15-cents (.05/each). A 2-Litre recyclable PET bottle will pick up a levy of 0.39-cents versus a non-recyclable (in most municipalities) 2-litre gable top carton with a levy of 0.30-cents. Or, a 1.36 litre highly recyclable steel juice can, will pick up a levy of 0.56-cents versus a smaller 1-litre gable top carton with a levy 0.19-cents. Below are some other examples comparing recyclable/recycled content boxboard packaging to plastic film/laminate packages.

Comparison of Recyclable Paperboard to Non-Recyclable Plastic Recycling Fees (CAN\$/1000 units)



Paperboard box only	1.12 Recyclable
Flexible film pouch	0.24 Non-Recyclable
Paper vs. film	467%



Paperboard	3.23 Recyclable
Flexible film with foil liner (15% foil)	0.89 Non-Recyclable
Paper vs. film	363%



Paperboard box only	0.98 Recyclable
Flexible film sleeve	0.15 Non-Recyclable
Paper vs. film	653%



Paperboard box only	2.21 Recyclable
Flexible film with foil lining (15% film)	0.66 Non-Recyclable
Paper vs. film	335%



Paperboard	1.60 Recyclable
Film	0.60 Non-Recyclable
Paper vs. film	267%

Photos and levy calculations supplied to RCO by Meadwestvaco

These examples clearly demonstrate that the funding formula will discourage the use of recyclable packaging, potentially resulting in more waste, contrary to the goal of the Act, which promotes the 3Rs. RCO does not consider light-weighting from one recyclable material to another non-recyclable material as “reduction”.

Also, there are no incentives built into the model to encourage the use of recycled content. For example, boxboard packaging may include 100% recycled content, and film plastic no recycled content. The current packaging levies do not account for the benefit that recycled content provides to the diversion program.

This comment is beyond the scope of the BBPP, but can be addressed by the Ministry through a regulation forcing non-recyclable packaging to pay for the costs of landfill, or to ban the non-recyclables from landfill. RCO recommends that the Ministry seriously consider dealing with this very important issue.

Setting Targets

The strength of a program for diverting materials lies in its targets, and its ability to meet those targets over a period of time. If targets cannot be achieved after a specified period of time, then the program may require change, or targets should be modified based on practical information. Without targets there is no way to measure how effective the program is.

The BBPP presents a future recovery scenario to achieve 50% diversion of residential Blue Box waste. The plan suggests that this is a starting point, for which targets for 2004 and beyond will be the responsibility of a committee comprised of municipalities and industry.

There is an inherent conflict of interest for those who will be financially impacted by increased performance (the BBPP shows a net per tonne increase with increased diversion) to set program targets. Also, for system funders to set their own targets amounts to self-regulation - a euphemism for the privatization of public policy

RCO believes setting material-specific targets is an important issue, which should be subject to public consultation, with input from all stakeholders and input from experts in jurisdictions from outside of Ontario. The Ontario Ministry of Environment should set targets. In addition, these targets should be posted on the Environmental Bill of Rights for comment, and reviewed every two years.

RCO is very disappointed with the 50% overall program target, representing a mere 5% increase over 5-years. As an organization that is founded on the principle that society must minimize its impact on the environment by eliminating waste, this target is simply not good enough.

Also, as far as the specific material targets go, RCO believes that some are too low. As a first example, in Nova Scotia milk cartons are recovered at a rate of 44% via curbside recycling. The Ontario five-year target of 15% as outlined in the BBPP is not good enough.

A second example is with the aluminum can. Throughout Canada can recycling is close to 80%. The stated 50% target is simply not good enough. Considering the amount of energy required to produce a new can (highest embodied energy of any one-way container), a plan that will see the annual landfilling of just under a billion cans (13,900 tonnes) worth about \$14.7 million each year for the next five years is, again not acceptable.

A third example is the targeted recovery rate for magazines and catalogues. We suggest that a 25% recovery rate is also not good enough. Similarly, the targeted recovery rate for plastic film and polystyrene is much too low. Again, we submit

that a 5% overall recovery rate is not good enough. These are only a few examples of how the “future recovery scenario” falls far short.

Setting high targets achieves two important goals. First it sets a high standard for both municipalities and Stewardship Ontario to work towards. Second, it creates an environment where more effective recovery options may come forward in the form of industry stewardship plans (ISPs) in order to avoid the higher costs of achieving the goals through a more expensive Blue Box program.

RCO strongly recommends that those materials that are difficult and costly to collect via curbside recycling be collected through an alternative mechanism to be determined by those affected industries and related stewards. Various “non-Blue Box” options exist, some of which should be explored further.

If achieving higher diversion of certain materials cannot be achieved through the Blue Box or an alternative system, we would recommend a province-wide ban on these “non-divertible” materials.

Transparent Reporting

The integrity of the reporting required from both municipal authorities and Stewardship Ontario is vital for program success. RCO shares concerns with some industry stakeholders that municipally reported recycling tonnage may not always represent how much material was actually recycled. In some cases, municipalities collect material that has no recycling market. For example, some communities in Ontario are “marketing” their mixed glass material to local landfills to be used as landfill cover or road fill. RCO does not consider these uses as diversion, and therefore this tonnage should not be counted as diverted material. We recommend that WDO monitor the markets used for some of the more hard-to-recycle materials through the 3Rs annual data call. The BBPP should adopt definitions of diversion, which set clear parameters for funding eligibility and ensure environmental responsible markets.

RCO also acknowledges that it is difficult to measure reduction and reuse, which takes place before material hits the curb, but monitoring and reporting waste generated from producers, waste generated at the curb, and material recycled every year would provide a clearer picture of the actual reduction/reuse that may have taken place since the program was implemented.

Ontario brand owners selling packaging or printed materials (except for those exempted under de minimus) will be required to provide the amount of material distributed province-wide each year. This will, for the first time in Ontario provide fairly accurate and “to-date” material flow generation numbers. This data set, by sector, will show increases or decreases based on the economy, population change, material substitution (like light weighting) and other factors that can substantially affect the rate of generation.

The data should be available by sector and by material type annually, should be publicly available, and subject to a third-party audit, if required by the WDO.

Conclusion

Once again, we congratulate Stewardship Ontario for their hard work in dealing with extremely tight time-lines and a wide range of multi-stakeholder interests. We would like to see appropriate amendments or supplements to the work already done by Stewardship Ontario to address the important issues we have identified.

The Recycling Council of Ontario believes that the Blue Box Program Plan should be more than a funding mechanism for municipalities. We anticipate that our comments will be considered by the Ministry as ways to strengthen the BBPP and above all, to promote reduction, reuse and recycling in Ontario.